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SIPDIS

SENSITIVE

TREASURY FOR OASIA--MARSHALL MILLS, WON CHANG
USDOC FOR 4520/ITA/MAC/ONE/COBERG

E.O. 12958: N/A

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SUBJECT: TF1Z01: JORDAN TELECOM REGULATOR NIJEM ON THE
RIGHT TRACK

SENSITIVE BUT UNCLASSIFIED; PLEASE HANDLE ACCORDINGLY

1. (SBU) SUMMARY: Muna Nijem, the head of the Jordanian Telecommunications Regulatory Commission (TRC) concluded a week of meetings recently in Washington with FTC, DOS, and World Bank officials in which she emphasized her commitment to make the TRC, with USG assistance, the strong body the sector needs as it moves toward market liberalization over the next two years. Tracking a debate now taking place within the USG over the makeup of the Iraqi telecom infrastructure, Nijem expressed her hope that the Jordanian telecom sector might play a role in post-war Iraq. END SUMMARY

2. (SBU) We met with Nijem April 4 following her return from Washington to get a read-out on her meetings of introduction with Ambassador Gross, FTC Chairman Powell, Commissioner Copps, and private sector officials. She described her trip as a "wonderful, productive visit," and said she found great support for her efforts and encouragement that the TRC was moving the sector in the right direction.

MOBILE MARKET

3. (SBU) Nijem was most enthusiastic about the current debate in Washington regarding telecom infrastructure in post-war Iraq and the possibility that Jordan might play an important commercial role in this regard. She said the current tenor of the debate, which revolves around whether CDMA (Code Division Multiple Access, the Qualcomm-developed mobile technology dominant in the U.S.) or GSM (Global System for Mobile, developed in Europe and prevalent through most of the world) becomes the technology of choice for Iraq's primitive telecom sector, seemed to be moving in favor of CDMA. She noted that House Resolution 1441, still in committee, requires the use of CDMA technology for the provision of wireless service in contracts awarded to provide Iraqi assistance. GSM, however, is currently the sole wireless communication technology provided in the region. Iraq has no mobile phone network at present, and its fixed-line network is state-owned.

4. (SBU) Nijem said that Jordan is well-placed to become a regional leader in telecommunications following sector liberalization in 2004, when the current mobile duopoly ends. She said that while both current mobile licenses mandate the use of GSM, she would like to use liberalization to make the market technologically neutral and would welcome bids by CDMA operators on a third license when it is made available some time this year. This would enable Jordan to build on the probable establishment of the CDMA protocol in Iraq and make it more attractive to investors seeking a wider regional niche. Drawing on her previous experience as Director of Next Generation Technologies for Motorola, Nijem expressed a strong preference for CDMA, and said that a Jordanian-Iraqi CDMA presence, based in Jordan, could be "a showcase" for innovation and development.

FCC AND STATE MEETINGS A HIT

5. (SBU) Nijem said she had a "wonderful visit" with FCC Chairman Powell. She said that Powell was "fully engaged" during the 90 minute meeting, and was interested in "lending his support on some issues, such as spectrum management, licensing procedures, capacity building and ethics." She said Powell promised support in the form of FCC staff assistance and whatever other technical assistance the FCC could provide. Nijem said that she proposed a video conference with his staff for later in April, the first in a series of such video conferences she said would "further the collaboration" between the FCC and the TRC.

6. (SBU) Likewise, Nijem saw her visit with Ambassador Gross and Commissioner Copps as "very positive and encouraging." She was particularly gratified by Gross's offer of technical assistance to the TRC, which she said could take the form of

help in locating funding for FCC travel to meet with TRC counterparts, training assistance, and support for capacity building. She said that this meeting also laid the groundwork for continued cooperation between the TRC and the USG.

INTERNATIONAL CALL QUALITY: STILL A PROBLEM

17. (SBU) In separate meetings with AT&T and Worldcom, Nijem strove to find a way to improve the quality of international telecommunications traffic between the U.S. and Jordan. Worldcom Senior VP Michael Sauer agreed to work with Jordan Telecom (JT) on reducing rates paid to Jordan Telecom in exchange for an increase by Worldcom in the amount of traffic it sends directly to (JT). AT&T Managing Director for International Settlements Sharif Fahmy expressed similar interest in increasing direct circuit traffic to Jordan based on a reduction of JT interconnection rates. Fahmy explained to Nijem, however, that AT&T's biggest concerns were JT's high rates for calls to mobiles, which he said were much higher than other alternatives it had for termination. She said she would work with JT and Fastlink, Jordan's other mobile carrier, in an effort to bring rates down closer to the level charged by illegal, lower quality providers.

COMMENT

18. (SBU) As Jordan's new chief telecom regulator, Nijem continues to show savvy and determination in enlisting American expertise in assisting the TRC with such thorny issues as termination rates, new mobile licenses, and regulatory ethics. As she observes, mobile market liberalization offers an excellent opportunity for Jordan to become a regional telecom leader, one that is technology neutral and fosters a truly open market and paving the way for fixed-line liberalization in 2005. Post remains committed to offer her support, technical as well as moral, as she works to establish a strong and independent TRC.
GNEHM